

Utah Individual Income Tax: Credits

Prepared for:
Utah Legislature - Revenue and Taxation Interim Committee
April 2006

Name of Credit	Utah Code Citation	Summary Description	First Tax Year Available	Refundable or Non-Refundable	Carry Forward or Back?	Tax Year 2004 Number of Claims	Tax Year 2004 Total Amount	Tax Year 2004 Median Amount
Renewable Energy Systems	59-10-134	25% of the costs of the energy system, including installation costs, up to \$2,000 per residential unit. For commercial energy systems, the credit is 10% of the cost of the system, including installation costs, up to \$50,000 per commercial unit. Leased systems are eligible for a credit for no more than 7 years. Energy systems claiming the credit must be certified by the Office of Energy and Resource Planning. Credit is scheduled for repeal on 12/31/06.	1986 (not available during 1996)	Non-refundable	4 year carry forward	79	\$64,694	\$410
Cash Contributions to Nonprofit Rehabilitation Sheltered Workshops	59-10-108	50% of cash contributions, up to \$200, to nonprofit sheltered workshop facilities: (a) for the disabled, (b) operating in Utah, and (c) that are certified as a qualifying facility by the Department of Human Services.	1983	Non-refundable	None	104	\$13,855	\$143
Rehabilitation of Qualified Residential Certified Historic Building	59-10-108.5	20% of qualified rehabilitation expenditures incurred with any residential certified historic building costing more than \$10,000. All rehabilitation work to which the credit may be applied must be approved by the State Historic Preservation Office prior to completion of project as meeting certain federal standards.	1993	Non-refundable	5 year carry forward	159	\$578,664	\$2,510

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Recycling Market Development Zone	59-10-108.7	5% of purchase price of machinery and equipment used directly in: (a) commercial composting, or (b) manufacturing facilities or plant units that produce recycled items or reduce or reuse waste. 20% of net expenditures up to \$10,000 to third parties for rent, wages, supplies, tools, test inventory, and utilities made by the taxpayer for establishing and operating recycling or composting technology, with an annual maximum credit of \$2,000.	1996	Non-refundable	3 year carry forward	82	\$207,333	\$2,149
Employment of Individual with a Disability	59-10-109	Credit allowed for an employer that hires an individual with a disability who works in the state for at least 180 days during the tax year and is paid at least minimum wage. Credit is 10% of gross wages for first 180 days of employment and 20% of gross wages for remainder of year. Credit is limited to \$3,000 and is allowed only for the first 2 years of employment with an employer.	1995	Non-refundable	2 year carry forward	6	nd	nd
Clean Fuel Vehicles	59-10-127	(a) 50%, up to \$3,000 per vehicle, of the cost of certain new vehicles that are fueled by propane, natural gas, electricity or other clean fuel; (b) 50%, up to \$2,500 per vehicle, of the cost of conversion of a motor vehicle registered in Utah to run on propane, natural gas, electricity, or other clean fuel; and (c) 50%, up to \$1,000, of the cost of conversion of a special fuel mobile equipment engine to be fueled by propane, natural gas, electricity or other clean fuel. Credit scheduled to sunset on December 31, 2010.	1992	Non-refundable	5 year carry forward.	161	\$276,423	\$1,562

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Low Income Housing	59-10-129	Amount of federal low income housing tax credit to which the taxpayer is entitled during that year multiplied by the percentage specified in an allocation certificate issued by the Utah Housing Corporation. Special rules also apply in calculating the credit for tax years 1995, 1996, and 1997. The Utah Housing Finance Agency is required to submit an annual report to the Revenue and Taxation Interim Committee on the benefits and effectiveness of the exemption.	1995	Non-refundable	3 year carry back/ 5 year carry forward	63	\$147,016	\$500
Jobs Created in Enterprise Zones	9-2-413	Multiple credits available as follows: (a) \$750 for each new full time position filled for at least 6 months; (b) \$500 if the new position pays 125% of the county average wage for that industry; (c) \$200 for 2 consecutive years for each new employee insured under an employer sponsored health insurance program where the employer pays at least 50% of the premium for 2 consecutive years; (d) \$750 if new position is in a business that adds value to agricultural products; (e) 50% of a cash contribution to a nonprofit corp. whose primary purpose is community and economic development; (e) 25% of the first \$200,000 spent to rehabilitate a building that has been vacant for at least 2 years; (f) 10% of the first \$250,000 and 5% of the next \$1,000,000 investment in plant, equipment, or other depreciable property. Credit is up to \$100,000. Other restrictions also apply. Credit not available for construction or retail jobs.	1997 (A limited credit has been available since 1993).	Non-refundable	3 year carry forward	276	\$1,208,203	\$1,993
Disabled Dependent Tutoring Costs	59-10-130	25%, up to \$100, of certain tutoring costs for a disabled dependent. Credit is scheduled to sunset on 12/31/2009.	1996	Non-refundable	None	89	\$8,581	\$100

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At Home Parent	59-10-108.1	\$100 for each qualifying child of an at home parent. AGI of all the taxpayers filing the return must be \$50,000 or less. "At home" parent must be certain qualifications	2000	Non-refundable	None	4,461	\$438,712	\$100
Research Activities	59-10-131	6% of: (1) the taxpayer's qualified research expenses; or (2) payments by the taxpayer to qualified organizations for basic research. Credits are calculated under the federal research and development tax credit. Credit scheduled to sunset December 31, 2010.	Expenses incurred in 1999 may be claimed in the 2000 tax year.	Non-refundable	No carry back. 14 year carry forward.	103	\$173,705	\$279
Equipment, Machinery, or Both Used for Research	59-10-132	6% of the purchase price of machinery, equipment, or both that is: (1) used to conduct qualified research; or (2) donated to qualified organizations to conduct basic research. Credit scheduled to sunset December 31, 2010.	Expenses incurred in 1999 may be claimed in the 2000 tax year.	Non-refundable	No carry back. 14 year carry forward.	8	nd	nd
Refund of Motor Fuel Tax Used to Operate Farm Machinery (also allowed for taxpayers not subject to filing a return—must obtain a permit and file claims.)	59-13-202	Credit is a refund of the tax paid on motor fuel used to operate farm machinery used for non-highway agricultural purposes.	1987	Refundable	None	1,179	\$297,839	\$129
Targeted Business	9-2-1801 Et. Seq.	A business applicant must apply to a local zone administrator to receive a credit for a community investment project undertaken in a qualifying county. A single business applicant may not receive more than \$100,000 during the applicant's total eligibility period. The annual total amount credit available statewide is capped at \$300,000 (for both individual and corporate taxes).	2002	Refundable	None	10	\$152,863	\$1,259

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Special Needs Adoption	59-10-133	A taxpayer who adopts a special needs child may claim a credit of \$1,000 for each adopted child. The child must be older than 5 and younger than 18 years of age and either (a) have a physical, mental, or emotional disorder; or (b) is part of a sibling group placed together for adoption.	2001	Refundable	None	80	\$127,315	\$1,000
Hand Tools Used in Farming	59-10-134.1	A taxpayer may claim a credit for the sales and use taxes paid on the purchase of a hand tool priced at more than \$250 if the hand tool is used directly and primarily in a farming operation in the state. Prior to the effective date of this credit, a sales and use tax exemption was in place for these types of purchases.	2004	Refundable	None	20	\$6,529	\$316
Tax Paid to Another State	59-10-106	A taxpayer that is required to pay income tax in another state on the same income that is subject to taxation in Utah may claim a credit for the tax paid in another state.	1973	Non-refundable	None	12,898	\$44,527,227	\$312
Live Organ Donation	59-10-134.2	A taxpayer that makes a live organ donation may claim a credit up to \$10,000 for certain organ donation related expenses.	2005	Non-refundable	5 year carry forward	n/a	n/a	n/a

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